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1. Title of Paper

Anti Dumping: Protection against Foreign Abuse of Power in South Africa?

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5. Abstract

This paper traces the degree of trade liberalisation that occurred in South Africa during the nineties and examines the reaction of the business sector to the liberalisation. Indicators of the ability and willingness of business to adjust to the liberalisation are the applications that are made to the Board on Tariffs and Trade. These applications take the form of requests for protection and complaints against dumping. Requests are therefore made for the imposition of anti dumping duties. South Africa is no exception to the growth in anti dumping actions that have been observed around the world both developed and developing, and it has therefore been suggested that contingent protection is being substituted for the reduction in tariffs under the liberalisations that have occurred worldwide.

Willig (1998) distinguishes dumping by five categories. These are market – expansion, cyclical, state-trading, strategic dumping and predatory dumping. However, he argues that there can be an excellent rationale for an anti dumping policy when the dumping is performed with the intent of inflicting damage for anti competitive reasons. Drawing on this approach this research therefore attempts to distinguish the cases of predatory intent on the part of dumping foreign firms. The paper therefore analyses the individual applications for anti dumping duties that are made to the Board on Tariffs and Trade over the period 1990 to 1999.

To assess how often dumping may have been predatory, a data set is constructed from the applications made to the Board. Cost based rules and the structural characteristics of the

market are collated for each application and the successful from the unsuccessful applications tabulated. The results show that predatory intent failed to explain a significant proportion of the applications for anti dumping duties. This suggests that the abuse of market power by foreign firms was not a determining factor and indeed the increase in anti dumping activity can be explained by two factors, namely the slow down in world economic activity and the trade liberalisation that occurred in South Africa. The paper then concludes on a policy note as to whether anti dumping should be used, as in the USA, as a means of addressing the harmonisation of competition policy internationally under the WTO.